

## Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC IMMEDIATE 0000

C O N F I D E N T I A L GEORGETOWN 1595

EXDIS

E.O. 11652: GDS

TAGS: EINV, EMIN, GY

SUBJECT: NATIONALIZATION OF REYNOLDS

REF: STATE 196737

1. REFTEL RECEIVED 0930 SEPTEMBER 7. I SAW FONMIN  
RAMPHAL AT HIS RESIDENCE AT 1410.

2. I BEGAN BY EXPLAINING THAT DISCUSSION IN DEPT ON  
SEPTEMBER 6 WITH REYNOLDS REPRESENTATIVES HAD DICLOSED  
PROBLEM FROM REYNOLDS STANDPOINT IN APPROACH TO  
NATIONALIZATION OUTLINED BY GOG. I THEN SAID I HAD  
BEEN ASKED TO MAKE CERTAIN POINTS REGARDING PRESENT  
STATUS OF REYNOLDS CASE, WITH REQUEST THAT THEY BE  
CONVEYED TO PRIME MINISTER.

3. AFTER I HAD READ TO HIM VERBATIM THE POINTS IN PARA  
4 REFTEL, RAMPHAL SAID REYNOLDS POSITION, BACKED BY  
USG, WAS JUST ABOUT WHAT MINISTER OF MINES HACK HAD  
FORECAST. HE ASKED IF I WOULD READ POINTS AGAIN SO HE  
COULD MAKE NOTES, WHICH I DID.

4. RAMPHAL WAS OBVIOUSLY DISAPPOINTED. HE SAID HE HAD  
ALWAYS FELT THAT ON STRAIGHT NATIONALIZATION, REYNOLDS  
WOULD BE WILLING TO SIT DOWN AND NEGOTIATE COMPENSATION  
AT SUCH TIME AS GOG MADE CLEAR ITS INTENTION TO PROCEED  
IN THAT DIRECTION. HE SAID ALCAN NEGOTIATED ON THAT  
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BASIS, TO WHICH I SAID I SEEMED TO RECALL THAT GOG HAD

ADOPTED LAW CALLING FOR NATIONALIZATION BEFORE NEGOTIATIONS ON COMPENSATION BEGAN. RAMPHAL SAID LAW MAY HAVE BEEN PASSED DURING THE NEGOTIATIONS BUT IN ESSENCE, WHILE ALCAN DIDN'T WANT TO BE NATIONALIZED, GOG WAS ABLE TO REACH "CONSENSUAL" AGREEMENT WITH COMPANY. I REMINDED HIM THAT REYNOLDS HAS TO BEAR IN MIND ITS LARGER INTERESTS ELSEWHERE.

5. I OBSERVED THAT THE TAX QUESTION IS WHAT REALLY MAKES REYNOLDS CASE DIFFICULT, NOTING THAT USG HAS NO QUARREL WITH SOVEREIGN POWER OF GOG TO NATIONALIZE REYNOLDS, ALTHOUGH WE HAVE DOUBTS ABOUT TIMELINESS OF PROPOSED GOG ACTION. RAMPHAL SAID HE UNDERSTOOD OUR POSITION THAT TAX, EITHER RETROACTIVE OR APPLIED TO INFLUENCE COMPENSATION, COULD NOT BE RECOGNIZED AS ANY PART OF PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION. HE COMMENTED WRYLY THAT JACK WOULD SAY "I TOLD YOU SO," BUT THEN WENT ON TO SAY HE WOULD TRY TO PUT IT TO BURNHAM THAT USG POSITION CONFIRMED WHAT HE (RAMPHAL) HAD URGED, I.E. DROP TAX AND GET ON WITH NATIONALIZATION. REVERTING TO RETROACTIVITY FEATURE OF PROPOSED TAX RAMPHAL ASKED WHEN DID GOG FIRST PROPOSE LEVY TO REYNOLDS. I SAID I THOUGHT IT WAS FIRST FORMALLY ANNOUNCED TO REYNOLDS IN LETTER FROM JACK AROUND JULY 10 OR 11. RAMPHAL SAID MAYBE THAT COULD BE CONSIDERED EFFECTIVE DATE FOR TAX. I OFFERED NO COMMENT.

6. IN RELATION TO ARRIVAL OF REYNOLDS TEAM I MENTIONED SPECIFICALLY PRIOR COMMITMENT TO HOLD TALKS IN HAITI ON SEPTEMBER 10.

7. RAMPHAL SAID HE WOULD HAVE TO CONSIDER CAREFULLY WHEN AND HOW TO CONVEY USG POSITION TO BURNHAM. HE THOUGHT HE HAD BETTER WAIT UNTIL SEPTEMBER 8, SINCE BURNHAM INVOLVED IN DAUGHTER'S WEDDING ON AFTERNOON AND EVENING OF SEPTEMBER 7. I WISHED HIM LUCK AND SAID I WOULD BE AVAILABLE IF HE NEEDED ME. KREBS

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## Message Attributes

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